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‘We need better ways of assessing value for money’

22 February, 2017 [Laurence Ferry](#)

The abolition of the Audit Commission and the scrapping of centralised performance management systems means there are currently limited institutional arrangements for assessing local value for money.

The government relies on the existing system of local accountability to ensure funding given to councils is value for money, but there are concerns about a gap in scrutiny as services are being increasingly devolved to local areas.

The National Audit Office has now taken responsibility for examining local public expenditure and its value for money that is reported to the national Public Accounts Committee, but while it examines sector-wide issues, it cannot assess whether individual councils are achieving value for money. So what local arrangements should be put in place to oversee these devolved funds?

Over recent years several scrutiny governance models have emerged, ranging from the ‘local public accounts committee’ model at one end of the spectrum to the traditional model at the opposite.

The local public accounts committee model operates similarly to the national committee. The local committees would seek to hold to account officers, elected members and contractors for their area. Responsibility would come from local partner agreement and/or legislative powers for place-based scrutiny examining public value, spending and revenue-raising. However, austerity challenged governance relationships and resulted in the loss of performance management information that could be benchmarked between councils, national studies such as those the Audit Commission carried out and research capacity at the Department for Communities & Local Government. This has not been replaced by informal arrangements.

Universities could partly step in to breach this gap. They are required by the Research Excellence Framework, the system for assessing the quality of research in higher education institutions, to produce case studies demonstrating their impact beyond their ivory towers, and researching the value for money that councils present could provide these. They would, however, need to establish professional support through use of auditors and other powers, as highlighted by the Centre for Public Scrutiny. These include being able to request people and papers from any institution spending public funds, the ability to refer matters to parliament where systemic risks are identified and the power to enter premises for evidence gathering.

At the opposite end of the spectrum is the traditional overview and scrutiny committee model. Here, a committee meets bi-monthly or quarterly, discussing officer reports and updating on areas of interest. This model risks giving a perception of scrutiny without any real substance and action. However, the biggest concern is that this model is cheaper and given the current financial challenges it may see the path of least resistance between partners.

In between these there are single and multiple overview and scrutiny committee models.

The single model places the combined authority at the centre. This combined authority may co-ordinate and commission work for councils to deliver, bring together separate scrutiny activity by councils through a joint committee, and commission short time-limited reviews of combined authority business. This model, however, raises concerns around sovereignty and subsidiarity, and resource issues challenge the viability of traditional in-depth tasks.

The multiple model has more than one overview and scrutiny committee at combined authority level, which mirrors local council arrangements. This overcomes the concerns that a single committee will not adequately scrutinise the broad spread of combined authority business, but at the same time it will be much more resource-intensive and may even be unnecessary if the focus of the combined authority is as a strategic entity.

While the local public accounts committee model has much to commend it, it would be more expensive to operate and a balance would have to be struck. Structures are important because they can encourage people to behave in certain ways, but there is no exact one-size-fits-all model for scrutiny and governance. It is also crucial that structures are adaptable enough to absorb the culture of each area with regards to budgetary stewardship, performance improvement, transformation or governance concerns at different times.

While local responsibility needs an overhaul, there is also a need to revamp the local government funding arrangements. Central government must allow councils to raise more of their own income and reduce the rules governing how they spend it, otherwise failure looms.

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Local Government Chronicle